

SUMMARY OF PROJECT – NAGDCA 2020 LEADERSHIP RECOGNITION AWARD
CATEGORY: TECHNOLOGY & SOCIAL MEDIA
CITY OF AUSTIN DEFERRED COMPENSATION PLAN
A TARGETED SOLUTION ENCOURAGING ENROLLMENT
AND SAVING FOR RETIREMENT FOR ELIGIBLE EMPLOYEES

Understanding that the journey to retirement readiness begins with enrollment, the City of Austin has been diligent in their focus on increasing participation in their Deferred Compensation Plan (Plan). They continue to deploy targeted communication campaigns and leverage their local retirement plan advisors for in person meetings, both of which initiatives have achieved great results. Beyond these more traditional avenues, they wanted to explore something more inventive to nudge employees to take this positive step for their future.

One unique initiative that the City rolled out in 2019 was coordinating enrollment in the Plan with enrolling in other City benefits during open enrollment. To accomplish this, the City of Austin Deferred Compensation Plan Committee and an outside vendor partnered with Empower Retirement to leverage technology by adding a deferred compensation tab to the City’s benefits portal. The addition of the tab helped encourage and motivate targeted, eligible employees to take the voluntary action and an important step towards their retirement future by enrolling in the Plan.

To increase awareness and encourage eligible employees to enroll in the Plan, the tab was added during the City’s annual benefits open enrollment period in October 2019. Combining the deferred compensation plan tab with the open enrollment period and benefits portal was significant because it provided awareness of another vital benefit deemed essential by the City and an effortless opportunity for eligible employees to enroll in the Plan and become more engaged in their own future retirement.

To facilitate enrollment, the Committee added a *yes* or *no* option to enroll in the Plan. By selecting *yes* on the tab, the employee was enrolled in the Plan with a starting contribution of 2% – already 1 percentage point above the contribution minimum. Additionally, eligible employees were defaulted into an age-appropriate target date fund, alleviating the burden of selecting their own investments upon enrollment. Furthermore, to increase enrollments during the open enrollment period, the local retirement plan counselor for the City held extensive individual and group meetings throughout Austin.

Results

The use of technology provided a targeted, automated alternative to help the City of Austin employees reach their retirement income goals supported by the following results:

- **7,861** eligible employees had the tab activated during open enrollment
- **5%** increase in participation via the tab
- **28%** of City of Austin employees attended one of the group meetings or scheduled a meeting with the local retirement plan counselor

In their words

Being included in the open-enrollment process was a game changer. We were able to effectively and efficiently get in front of every City of Austin employee as they reviewed their benefits. Employees not in the 457 Plan saw a message within the tab and were given the option to join with a simple “yes” click, defaulting into an age-appropriate target date fund at 2%. When open enrollment closed, our local Empower representative followed up with an individual meeting or, when appropriate, group meetings with departments that had larger numbers of new enrollees. With this one click, folks are now on the path towards a more secure retirement.

AJ Padilla
Lieutenant, Fire Marshal’s Office
Chairperson, City of Austin
Deferred Compensation Committee

WRITTEN JUSTIFICATION – NAGDCA 2020 LEADERSHIP RECOGNITION AWARD
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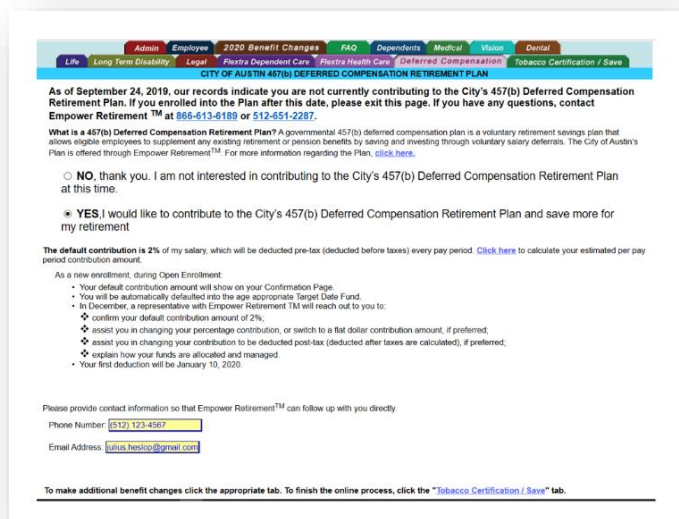
Project Description

The City of Austin Deferred Compensation Plan Committee understands that for employees to reach their retirement income goals, it must start with enrolling in the deferred compensation plan. To capture the attention of all eligible employees and encourage enrollment in the Plan, the City extended its outreach using an unconventional method. In cooperation with Empower Retirement, the City and its vendor built a deferred compensation plan tab leveraging existing technology and harnessing the power of its benefits portal during open enrollment.

Building the deferred compensation plan tab started in July of 2019. Assisted by Empower Retirement, a participating employee source file was created targeting current participants (any age, any location) with employee pre-tax and or/ Roth contributions between January of 2019 and June of 2019. Any individual with only loan repayments and/or with a termination date was excluded from the file. A comparison was made between the Empower file and the City's database and all employees on the file were deemed "participating" and were ineligible to receive the activated tab during the open enrollment process.

Coinciding with the City's open enrollment period, the deferred compensation plan tab was launched from October 14, 2019 to November 18, 2019, capturing the attention of all eligible employees and taking advantage of the moment when all City employees are making important and necessary changes to their benefits. Built by design, the tab mimicked a quick enrollment form with a simple, easy and actionable interface. Integrated into the benefits portal, the tab brought general awareness of the City's deferred compensation plan and asked eligible employees to choose between one of two options:

- 1) *No, thank you. I am not interested in contributing to the City's 457(b) Deferred Compensation Retirement Plan at this time.*
- 2) *Yes, I would like to contribute to the City's 457(b) Deferred Compensation Retirement Plan and save more for my retirement.*



In addition, targeted, eligible employees were informed that enrolling in the City's deferred compensation plan would default to a contribution amount of 2% of their pre-tax salary per pay period. Access to the Empower website and an online calculator to estimate their per pay period contribution were provided giving eligible employees the tools needed to make an informed decision about their future retirement savings. Those enrolling in the Plan by selecting yes were electing a contribution amount of twice the required minimum 1% to participate and joining the other City employees already on their way in reaching their retirement income goals. Moreover, employees were also defaulted into an age-appropriate target date fund eliminating the process and difficulty of selecting investments during traditional enrollment.

Information included on the deferred compensation plan tab included the first date of deduction of January 10, 2020 and that a local Empower Retirement plan counselor would be reaching out to:

- 1) Confirm their default contribution amount of 2%,
- 2) Assist them in changing their percentage contribution, or switch to a flat dollar contribution amount, if preferred,
- 3) Assist them in changing their contribution to be deducted post-tax (Roth), if preferred, or
- 4) Explain how their funds are allocated and managed.

Concurrently, the City also hosted a notably large amount of face-to-face gatherings during the open enrollment period with a local Empower Retirement plan counselor including new employee orientation meetings (24), retirement seminars (17), cadet orientations (4), department meetings (139), fairs & table service (7), local office walk-ins (289) and individual meetings (988) encouraging enrollment in the Plan and saving for retirement.

Relative Significance of Improvement/Perspective for the Change

The strategy behind the deferred compensation plan tab stems from the previous years when zero eligible employees enrolled via open enrollment. The City and Committee recognized that the opportunity to reach all eligible employees via the benefits portal was possible, but they lacked the technology to do so. With the help of Empower Retirement, the City and its vendor developed the technology to coordinate benefits open enrollment with deferred compensation enrollment. The City's ongoing commitment in developing a new and fresh alternative to enrolling placed the deferred compensation plan front and center of eligible employees when they were most likely making impactful decisions regarding other City benefits.

Measurable benefits and results

The City of Austin Deferred Compensation Plan has provided a tremendous service to its eligible employees by focusing on what is important, enrolling in the plan and saving for retirement. And, by leveraging technology, the City's open enrollment engagement strategy is evidence of its desire to help ensure that all City employees are retirement ready. With impressive results, it clearly demonstrates that coordinating enrollment in the deferred compensation plan with open enrollment for City benefits through an intuitive and easy-to-use web portal provided employees with the necessary connection and impetus to take the positive step to enroll in the Plan.

- **7,861** eligible employees had the tab activated during open enrollment
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Feasibility of Use by Other Governments

This unique approach implemented by the City of Austin Deferred Compensation Plan is an excellent model and opportunity for other city governments to be proactive in assisting eligible employees in reaching their retirement income goals by simply enrolling in the Plan. Combining simple and engaging technology (with a yes or no option) with the open enrollment process is a perfect example for other governments to be able to engage employees to enroll in the Plan when they are making important decisions about other important benefits.

CITY OF AUSTIN DEFERRED COMPENSATION PLAN A TARGETED SOLUTION ENCOURAGING ENROLLMENT AND SAVING FOR RETIREMENT FOR ELIGIBLE EMPLOYEES

Deferred Compensation Plan Tab

As of September 24, 2019, our records indicate you are not currently contributing to the City's 457(b) Deferred Compensation Retirement Plan. If you enrolled into the Plan after this date, please exit this page. If you have any questions, contact Empower Retirement™ at 866-613-6189 or 512-651-2287.

What is a 457(b) Deferred Compensation Retirement Plan? A governmental 457(b) deferred compensation plan is a voluntary retirement savings plan that allows eligible employees to supplement any existing retirement or pension benefits by saving and investing through voluntary salary deferrals. The City of Austin's Plan is offered through Empower Retirement™. For more information regarding the Plan, [click here](#).

NO, thank you. I am not interested in contributing to the City's 457(b) Deferred Compensation Retirement Plan at this time.

YES, I would like to contribute to the City's 457(b) Deferred Compensation Retirement Plan and save more for my retirement.

The default contribution is 2% of my salary, which will be deducted pre-tax (deducted before taxes) every pay period. [Click here](#) to calculate your estimated per pay period contribution amount.

As a new enrollment, during Open Enrollment:

- Your default contribution amount will show on your Confirmation Page.
- You will be automatically defaulted into the age appropriate Target Date Fund.
- In December, a representative with Empower Retirement™ will reach out to you to:
 - confirm your default contribution amount of 2%;
 - assist you in changing your percentage contribution, or switch to a flat dollar contribution amount, if preferred;
 - assist you in changing your contribution to be deducted post-tax (deducted after taxes are calculated), if preferred;
 - explain how your funds are allocated and managed.
- Your first deduction will be January 10, 2020.

Please provide contact information so that Empower Retirement™ can follow up with you directly.

Phone Number: (512) 123-4567

Email Address: julius_heslop@gmail.com

To make additional benefit changes click the appropriate tab. To finish the online process, click the "Tobacco Certification / Save" tab.

Open Enrollment Letter

**A RETIREMENT
UNIQUE TO YOU**
City of Austin Deferred Compensation Plan

Dear City of Austin employee,

Congratulations! By enrolling in the City of Austin 457 Deferred Compensation Plan during the City's Open Enrollment period, you have taken an important step towards your retirement goals. Your contributions are set to begin on January 10, 2020.

If you provided your phone number and/or email address, a representative from Empower Retirement, the plan's record keeper, will be reaching out to you to answer any questions you may have about the Deferred Compensation Plan and assist you with the following items:

- confirm your default contribution amount of 2%;
- assist you in changing your percentage contribution, or switch to a flat dollar contribution amount, if preferred;
- assist you in changing your contribution to be deducted post-tax (deducted after taxes are calculated), if preferred;
- explain how your funds are allocated and managed.

If you did not provide your phone number or email address, have questions or need to make an update to the information you provided, you can contact Empower at 512-457-9240 or dcaustin@empower-retirement.com.

Sincerely,
The City of Austin Deferred Compensation Committee

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